

Bonds and their types

Resumé

The aim of this thesis is to introduce the reader with bonds and their issue.

At its first part, this thesis introduce the legal definition of the bond, identifying the main differences between bonds and other types of securities and last but not least describe the economic and legal functions of bonds. The definition is being discussed merely from the Czech law point of view and it generally does not compare the Czech definition with legal definitions from different countries and legal systems.

In the following part the thesis is pointing out the basic laws and other statutory provisions regulating the bonds within the Czech Republic. It is the national laws and European Community statutory provisions (especially Regulations and Directives) that are being mentioned and discussed.

Subject matter of this work is also a brief summary of the bond's requirements as they are defined by the Czech law. It is possible to divide those requirements into two separate parts: (i) requirements that are obligatory for all bonds; and (ii) requirements that are obligatory for specific types of bonds only. The thesis describes these requirements only from the general point of view and does not discuss them in more detail.

Another part of the thesis concerns the brief explanation of the bond issue process itself. In this part, the persons and institutions taking part in the process of bond's issuance, such as the issuer and the investor, are being introduced. This introduction is followed by the description of individual phases of the bond's issuance with focus especially on the practical problems and issues of the process. For a better orientation, an issuance of the publicly traded bond has been selected as an example of the issue process, as it is probably the most complex type of bond's issuance procedure. At the end of this chapter the issuance conditions and issuance program, as legal documents stipulating conditions under which the bonds may be issued and rights and obligations of the issuer and the investor as parties participating in a relationship established by bond's issuance, are being discussed in more detail.

In the last part of the work the division of a different types of bonds into categories is being discussed. This division was made on basis of number of view points and criterias. It is important to note that neither the number of categories in which the bonds are divided into nor the division of bonds within those categories is exhaustive, as throughout the decades or even centuries of existence bonds on the financial markers, those markets have created a number of different bond's variations. The thesis has introduced the main types and groups of bonds.